

Homer Watson
House & Gallery

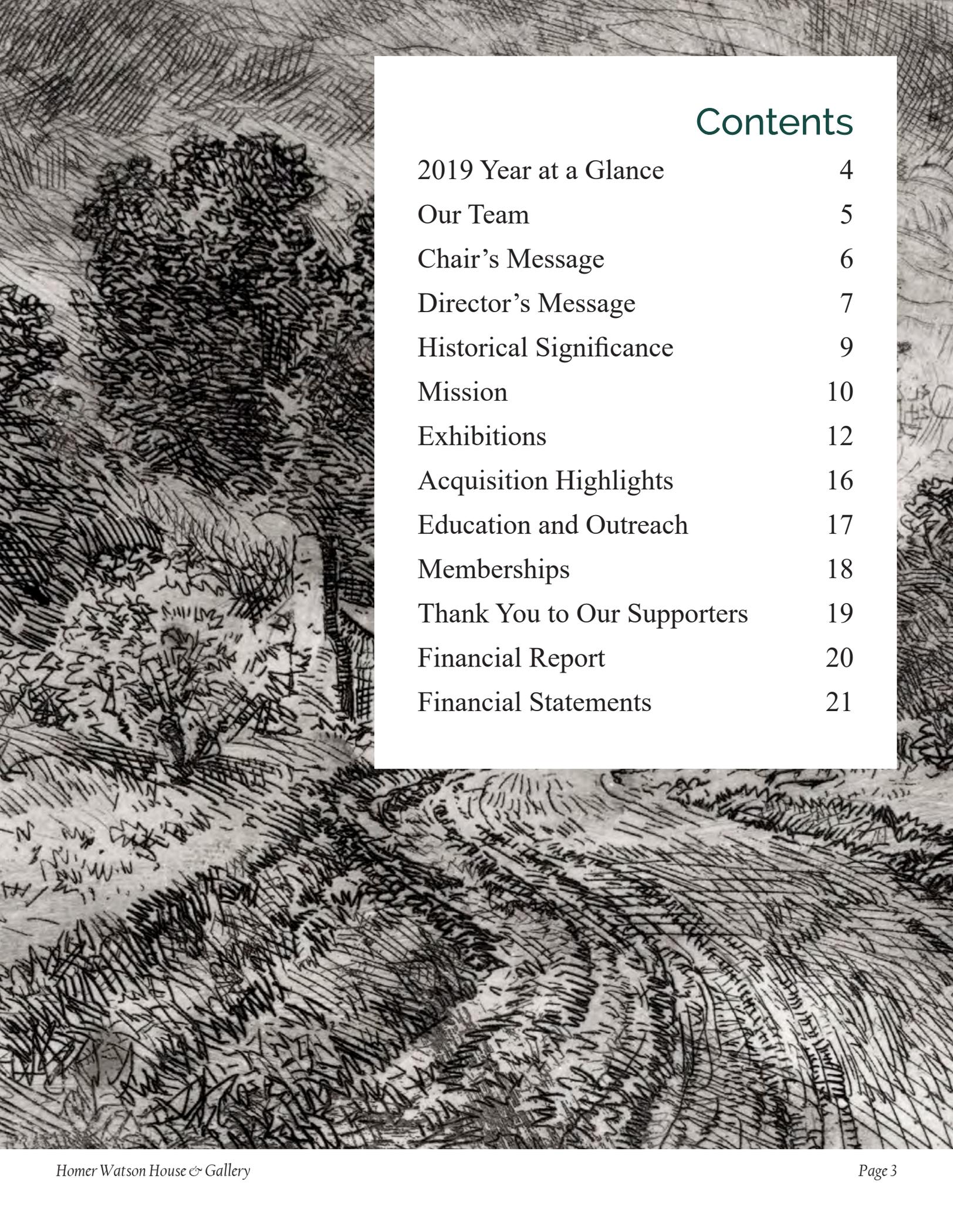
2019 ANNUAL REPORT

Homer Watson House Foundation

Homer Watson House & Gallery 1754 Old Mill Road, Kitchener, ON



Phoebe & Homer Watson



Contents

2019 Year at a Glance	4
Our Team	5
Chair's Message	6
Director's Message	7
Historical Significance	9
Mission	10
Exhibitions	12
Acquisition Highlights	16
Education and Outreach	17
Memberships	18
Thank You to Our Supporters	19
Financial Report	20
Financial Statements	21

2019 Year at a Glance

13 Exhibitions

279 Art programs offered

2416 Program participants

250 Members

2900 Followers on social media

\$29,162 Fundraising and donations

\$251,498.15 Grants

Our Team as of December 31, 2019

Board of Directors

Susan Janakovic	Chair
Christine Feniak	Vice Chair
David White	Treasurer
Karen Buhlman	Director
Colleen Bulla	Director
Jane Sleeman	Director
Bill Poole	Director
Doris Cowan	Director
Marion Anderson	Director
Mary-Ann Melanson	Director

Board Committees

Colleen Bulla	HR Committee
Karen Buhlman	HR Committee
Christine Feniak	HR Committee
Susan Janakovic	HR Committee

Staff

Tabatha Watson	Director/Curator
Sidney Howlett	Education & Public Programs Coordinator
Pierre Lemieux	Fundraising & Outreach Coordinator
Ralf Wall	Marketing & Administrative Assistant
Scott McNichol	Staff Artist & Instructor
Nichole Martin	Research Interpreter
Janet Mayhew	Bookkeeper

Artist Instructors

Abeer Al Harir	Ana Vates
Atena Ganea	Ayesha Shafiq
Barbara Di Renzo	Brenda Alexander
Candice Leyland	Catherine Herzog
Chantal Zettle	Elisa Franceschini
Elvan Suzer	Erienne Rennick
Janus	Jessica Wilson
Katherine Olenic	Kristine May
Laura Perrin	Logan Soeder
Meg Leslie	Nichole Martin
Pearl Van Geest	Ralf Wall
Robert Skeoch	Roman Bienko
Rose Vates	Ted Cheesmond
Trevor Waurechen	Wendy Chow

Seasonal Staff

Paige Bromby	Summer Student, Canada Summer Jobs
Ally Croucher	Summer Student, Canada Summer Jobs
Thiranga Wijedasa	Summer Student, Canada Summer Jobs
Jessica Wilson	Summer Student, Canada Summer Jobs



Homer Ransford Watson "The Pioneer Mill"

Chair's Message

Usually, a Chair's report reflects on the year just past, and begins by saying what an interesting, challenging, or transformative year it was for their Board. I have the privilege of being able to use all of those words to describe 2019 at Homer Watson House and Gallery.

The year was interesting, in that in my unexpected role of Acting Chair, I was able to gain a full understanding of the number and variety of courses that are taught by our skilled and talented staff, our unique exhibit space and support for our local talent, the community's enjoyment of the natural setting and the rich historical and cultural significance of our heritage site.

The year was very challenging in that we faced many changes in our Board and staff membership. But, as is often the case, in this change we found opportunity. Through the support and hard work of the many people who care deeply about the importance of the Gallery to the Kitchener arts, heritage and education communities, we have been able to take advantage of these opportunities to welcome new enthusiastic, experienced and talented professionals to HWHG.

These professionals have been transformative to HWHG, bringing renewed energy, momentum and positive change to HWHG. I am inspired by the passion with which the staff and volunteers approach their work, and I would like to take this opportunity to recognize and thank them. This transformative year would not have been possible without them, nor their leader, Tabatha Watson. Much of the momentum and positive change is due to her energy and leadership.

As I pass on my Board position, I have every confidence that the Gallery will continue to grow and change, meeting upcoming challenges with optimism and confidence. Please let me thank you, our members and supporters, for your dedication, commitment and support for Homer Watson's creative spirit and his legacy of appreciation, enjoyment and practice of the visual arts.

- Christine Feniak, Acting Chair

Director's Message

As we forge on through the unprecedented challenges of 2020, 2019 seems a lifetime ago. Reflecting on the year, I am reminded of the many achievements of the former and incoming staff, artists and members.

I joined the team at Homer Watson House & Gallery in late September in the midst of several transitions. As I familiarized myself with the gallery, I was humbled to see the contributions of our community, volunteers and members who certainly helped carry us through as we adapted to the new environment.

The most significant changes occurred in our staffing. From April onward, several staff members moved on including the Curator, the Executive Director, the Public Relations and Administrative Assistant and the Director of Education and Public Programming. Several new staff members were recruited including a Bookkeeper, Education & Public Programs Coordinator and Director/Curator. These changes proved to be quite a challenge, however, the transition period served as an opportunity to evaluate our current systems and set new goals for the future.

Despite the challenges around staffing, we were able to offer a wide range of artistic programming for all ages and levels of experience. Along with generous contributions from our supporters, programming continues to be our highest income generating activity. Our pottery lessons and kids' camps continue to be some of our most successful programs.

We are eternally grateful to our many volunteers and supporters for their ongoing contributions to Homer Watson House & Gallery. It is to them that we owe the continued existence and successes of the gallery. Thank you.

The gallery saw many great exhibitions over the course of the year including several historic exhibitions, textile exhibitions and our street art exhibition, which really pushed the boundaries on the exhibitions we have traditionally displayed. Our exhibitions were well received and reached a wider variety of audiences than they have in the past.

We concluded 2019 celebrating our history as a place of artistic learning with the exhibition "Doon School: Past to Present." The joint reception and Christmas party saw record breaking numbers and provided an excellent opportunity to celebrate our current instructors and supporters.

As 2019 came to an end, the new team had made great strides in their roles. I know we face a challenging year ahead, but I am confident that our team, volunteers and supporters will help carry us through. I am looking forward to the next chapter in the story of Homer Watson House & Gallery and hope you will join us on the journey.

- Tabatha Watson, Director/ Curator



Homer Ransford Watson *"The Stone Road"*

Historical Significance

Statement of Provincial Significance:

The Homer Watson House & Gallery was the homestead, gallery and studio of Canadian-born painter, Homer Ransford Watson (1855-1936). Watson was the first internationally celebrated Canadian landscape painter, rising to fame after selling 2 paintings to the English Royal Family. Homer Watson died in 1936 and was recognized as a National Historic Person of Canada by the Federal Government in 1939.

The Homer Watson House is part of Watson's artistic legacy; he left a significant architectural and artistic mark on the house, adding two additions to the house and painting a frieze in his studio depicting artists who influenced him. A federal plaque was raised at the site in 1955.





Mission of HWHG

Our Vision

The mission of Homer Watson House & Gallery is to preserve and celebrate the legacy of Homer Watson's creative spirit by stimulating the appreciation, enjoyment and practice of the visual arts.

Mandate

The Homer Watson House & Gallery will fulfill its mission by engaging in a four-part program of:

Preservation and Collection

of Homer Watson's art, his home studio and gallery and the heritage of his life, his times and that of the Doon School of Fine Arts.

Exhibition

of the broad spectrum of Watson's art and regular shows of contemporary local and regional artists.

Education

through instructional programs in the visual arts for the general public and curriculum-based school programming.

Enrichment through special programs, events and activities.

Core Competencies

Core competencies allow Homer Watson House & Gallery to engage a variety of markets and offer unique contributions to the community that are difficult for other galleries to emulate.

1. Celebrate Historic Significance

- Designated Ontario Heritage Site
- Site of the renowned Doon School of Fine Arts
- Unique architectural design of House and Gallery
- One of the oldest operating gallery in province

2. Participate in Art Education

- Wide variety of classes and workshops for children and adults
- School programs for preschool to post-secondary
- Community, Children's and Family Group workshops
- In-house and outreach community programs

3. Provide Centre for Local Artists and Community Interaction

- Student exhibitions
- Local emerging and established artist exhibitions
- Hands-on teaching and mentoring opportunities

4. Protect Environmental Significance

- Part of the Historical Walking Tour of Lower Doon
- Situated on the Heritage Grand River
- Connected to the Walter Bean Nature Trails
- Affiliated with the Homer Watson Park (Cressman Woods)

5. Build Community Partnerships

- Regional elementary and secondary school tours
- Local businesses, community groups and individual stakeholder involvement
- Other charitable foundations associated: Grand River Conservation Association; KW Community Foundation; Ontario Heritage Foundation; Community Museum Associations

These core competencies originate from Homer Watson's philosophies of environmental preservation through the celebration of arts, culture and community.



Dave Fox "Untitled"

Exhibitions

Homer Watson House & Gallery saw a great variety of exhibitions through 2019 including student exhibitions, textile exhibitions and historical exhibitions.

Perception

Eastwood Collegiate Graduating IAP Students
January 13-27

This show was presented and curated by Eastwood Collegiate's graduating IAP students. This exhibition demonstrated the creativity of local up and coming artists, giving them an opportunity to exhibit with us and be part of the curatorial process of arranging an exhibition.

Inside/Out

Dave Fox, Barbara Di Renzo & Robert Skeoch
Guest curated by Nichole Martin
February 3- March 8

Homer Watson House & Gallery's first street art exhibition titled "Inside/Out" was guest curated by Nichole Martin. Artists Dave Fox, Barbara Di

Renzo and Robert Skeoch used different mediums to explore the theme of urban life in the 21st century. The show included music, painting, sculpture and photography and brought a new audience into the gallery.

Exhibition Events

Street Art Bombing

Art, Music, Streets

March 21, 2019, 7-10pm

Metal Cuff Bracelets Workshop

Barb Di Renzo

January 19, 2019

Taking it to the Streets Workshop

Robert Skeoch

February 9, 2019

Valentine's Day Metal Workshop - His and Hers Rings

Barb Di Renzo

February 9, 2019

History of Street Photography Lecture

Robert Skeoch
March 16, 2019

Street Art: Free Drop-in
March 1, 2019

Contrasts

Kitchener Waterloo Society of Artists
March 17- April 21

Kitchener Waterloo Society of Artist's annual juried show "Contrasts" featured artworks by members of the group. The show explored the many interpretations of the theme contrast using a variety of techniques and media.

Resonance

Tiina Price
March 17- April 21

Artist Tiina Price explored the nuances of light on water, shadows in foliage and the changeability of skies in her watercolour landscapes.

Inspirations

art KWilt connection
April 28- June 2

This exhibition of art quilts featured works by the art KWilt connection, a group of five Ontario self taught quilt artists who have been collaborating since 2014. The members are Ilene Atkins, Dorothy Holdenmeyer, Marg Notar, Judy Pearce and Nancy Winn.

Future Endeavours: Miniature Juried Exhibition

Various Artists
April 28- June 2

This miniature quilt juried exhibition "Future Endeavours" was an environmentally conscious show where various artists expressed views and concerns through the art of Quilting.



artKWilt connection "Spur Of The Moment"



Homer Ransford Watson "Summer Storm"

Homer Watson: Canada's First Landscape Artist

Homer Watson

June 9- August 11

Reception: June 25, 2019 6-8pm

Homer Watson was known as the first artist to capture Canada as Canada. This exhibition explored Homer Watson's unique and pioneering interpretation of the Canadian landscape as well as the works of contemporary artists who sought to answer the question "What is Canada" through their pieces.

Exhibition Events

Whiskey & Watson

The Rich Uncle Tavern

June 20, 7-11pm

Florence McGillivray: A Woman Ahead of Her Time

Florence McGillivray

June 9-August 11

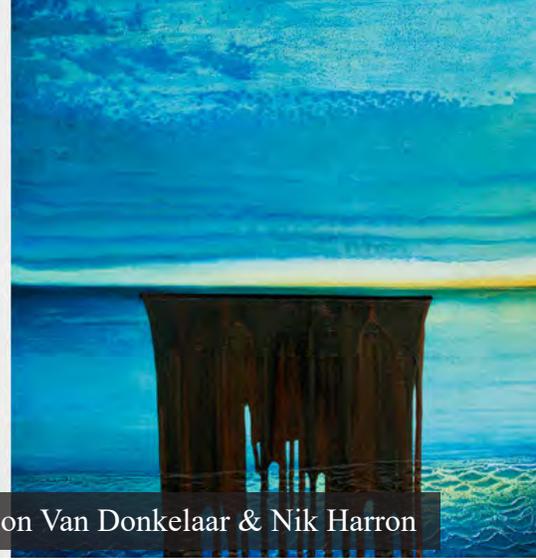
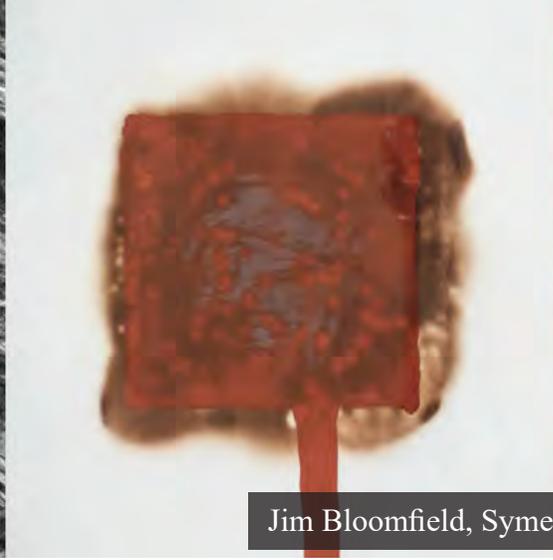
Historian W.C. Allen brought together a collection of paintings that map out the extraordinary life of Florence McGillivray, a contemporary of Homer Watson. This exhibition aimed to recognize her importance as an artist and her contribution to Canadian Art.

Exhibition Events

Artist Talk

W.C. Allen, Historian and author of "A Collection of Works By Florence Helena McGillivray"

June 25, 2019, 7-8pm



Jim Bloomfield, Symeon Van Donkelaar & Nik Harron

A Grand Fabrication

Jax Rula

June 9- August 11

Contemporary fabric artist, Jax Rula, explored the history of the Grand River and the people who settled along it, creating art dolls of some of these notable figures including former resident, artist and sister of Homer, Phoebe Watson.

Exhibition Events

Tea with Phoebe and Jax Rula

July 28, 2019 2-4pm

Summer Colours

Summer Camp Students

August 18-28

Phoebe Watson: A Show of Her Own

Phoebe Watson

July 1- September 30

This installation celebrated Phoebe Watson's painted china pieces showcasing several pieces from the permanent collection at Homer Watson House & Gallery.

Resilience

Jim Bloomfield, Symeon Van Donkelaar & Nik Harron

September 7- October 13

This three-part exhibition showcased local artists, Jim Bloomfield, Symeon Van Donkelaar and Nik Harron as they explored the concepts of nature, Canada and environmental conservation. In his part, "Time-In/Time-Out" artist Jim Bloomfield turned the lens of his camera to nature and conservation looking at tree stumps in Laurel Creek Reservoir. Artist Symeon Van Donkelaar, "Earth Colours of Canada" explored pigments created from natural items collected on his travels across Canada. Finally, "Fiddling while the world burns" by artist Nik Harron presented contemporary Canadian landscapes that he vandalized to represent the destruction of the natural environment.

Doon School: Past to Present

Various artists

October 27- January 4

From 1948- 1966, the Homer Watson House operated as the Doon School of Fine Arts, providing lessons from some of the most notable artists of the period. This exhibition celebrated this history showcasing some of the work of the instructors and students who attended the school as well as the works of current instructors and students.

Acquisition Highlights

Homer Watson House Foundation is owner to a considerable collection of artworks and artifacts relating to Homer Watson, Phoebe Watson and the Doon School of Fine Arts. In 2019, HWHG acquired two Homer Watson paintings, “Untitled (Cows in river with blue sky)” and “Untitled (Cows in a meadow).” Both pieces were generously gifted by private donors.



Homer Ransford Watson
Untitled (Cows in river with blue sky)

Homer Ransford Watson
Untitled (Cows in a meadow)



HWHG Education and Outreach

2019 Overview

Total number of programs 279

Total number of participants 2,416

School Programs

We connect teachers and students to art through numerous programming options and formats. Classes can choose to come to the gallery for a field trip or have an artist visit them in their classrooms. Led by professional artists, all school programs consist of a background and history of Homer Watson and a hands-on studio session. Classes who visit the gallery have the bonus of touring the house and exploring the contemporary exhibitions.

Welcomed or visited 32 school groups totalling 623 students.

Art Classes and Workshops

Led by professional, local artists, public art classes and workshops focus on strategic skill-building and expanding the creative practice of all participants in a variety of mediums, themes and concepts.

146 public art classes and workshops with 1,293 participants.

Summer Art Camp

For students 3-14 years old, summer art camps focus on experimentation and risk-taking, providing children with the opportunity to explore their creativity in a fun and engaging setting.

80 summer camp programs for 296 campers.

Senior's and Hospice Programs

We offer two programs for senior's and hospice groups:

- Therapeutic Art is a hands-on art making session with a professional artist focused on the relaxing process of creating art.
- Reminiscent Therapy is a specialized program for individuals suffering from Alzheimer's and Dementia, where the facilitator uses historic artifacts to awake the senses and open dialogue amongst participants.

12 programs for 144 participants.

Lunchtime Lounge

A monthly lecture series facilitated by guest speakers who explore a variety of topics and themes.

9 lunchtime lounges for 60 participants.





HWHG Memberships

2019 Overview

Total number of individual memberships purchased 100

Total number of family memberships purchased 75

In 2019, HWHG had over 250 unique, active members.

As of Dec. 31, 2019 all memberships included:

- Free entrance to the gallery
- Free entrance to Lunchtime Lounges and exhibition openings
- 10% off all public art programs
- 10% off at Curry's Art Store, Waterloo

Thank You to Our Supporters

Over the course of 2019, HWHG received generous in-kind and monetary donations from the following organizations and individuals:

PRESIDENT'S CIRCLE

(\$10,000 +)

City of Kitchener

(Community Tier 1 Grant)

Government of Canada

(Canada Summer Jobs Grant)

CURATOR'S CIRCLE

(\$1,000 - \$9,999)

Mac Voisin & Marcela Bahar

Corus Entertainment

Ria Dykstra

M&T Printing Group

Little Mushroom Catering

Micheal C Proctor

Robert Tattersall

ART ASSOCIATES

(\$500 - \$999)

Marion R. Anderson

Micheal Benton

Colleen Bulla

Cloverdale Paint

Bill Poole & Louise Dzuryk

Christine Feniak

Susan & Zlatko Janakovic

Frances McIntosh

FRIENDS OF WATSON

(under \$500)

Natalie Arsenault

Paulette Bissonnette

Wanda Cakebread

Jeanette Chippindale

Valeria Contreras

Barbara & Rae Crossman

Anna Dalton

Gerry Ann Engel

Richard W Farrar

Cathy J Gregory

Anatoli Guelfgat

Dayle Hayhoe

Irina Jordache

Dianne Lee

Laura Mabee

Eric Maki

John Martin

Janet Mayhew

Carolyn McCallum

John McMullen

Irene Mitrana

Gordon Nicholls

Ole J. Olsen

Olivia Osburn

Jane Sleeman

Margaret Szester

Jennifer Tessier

Together We're Bitter Brewery

Allan Wadley

HWHG is extremely grateful for the continued support from our community. These contributions help celebrate and preserve Homer Watson's creative spirit and support arts in the Waterloo region.



Financial Report

Homer Watson House and Gallery completed the 2019 fiscal year with a financial position similar to that of the previous year. On-going efforts to achieve financial sustainability contributed to this result.

Although our revenue from program registration fees and programs declined in 2019, the overall 2019 operating revenue of \$251,534 represented only a 3.6% decline from 2018.

Financial support from the community is necessary to ensure the high quality of our programming and exhibitions and continues to provide substantial support to the operating income for the Gallery. The largest single source of such income is the generous support from the City of Kitchener's Tier 1 Grant, which amounted to \$229,048. Other grants HWHG received in 2019 included support from Canada Ontario Job Grants, Canada Summer Jobs and the Seniors Community Grant.

Grant application and acquisition, as well as fundraising, continue to be important areas for development. In 2019, we focused on investing in our fundraising to build a stable program for the future. All grants assist with the continued growth and development of the Gallery and the fulfillment of its mandate.

HWHG expenditures directed to 2019 operations amounted to \$589,080, which included payroll costs, professional and contract services, administration, development, and building and grounds maintenance. General, non-specific revenues off-set these yearly costs of operations. These include grants, registration and programming fees, investment income, fundraising, and sponsorship which covered \$480,582 of these operational expenditures. The remaining deficit was subsidized through restricted funds held by the Homer Watson House and Gallery Foundation, including the HWHG Legacy Fund.

HWHG continues to work toward establishing and maintaining financial stability, which in turn will enhance our capacity to achieve our strategic goals, while enhancing our long-term viability and sustainability.

- Christine Feniak, Acting Chair

HOMER WATSON HOUSE FOUNDATION

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

HOMER WATSON HOUSE FOUNDATION

DECEMBER 31, 2019
CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Revenues and Expenditures	3
Statement of Changes in Fund Balances	4
Financial Position	5
Statement of Cash Flows	6
Explanatory Financial Notes	7 - 11

INDEPENDENT AUDITORS' REPORT

To the Members of
Homer Watson House Foundation

Qualified Opinion

We have audited the accompanying financial statements of **Homer Watson House Foundation** (the Foundation), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to fundraising revenues, deficiency of revenues over expenditures and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
September 2, 2020

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

HOMER WATSON HOUSE FOUNDATION

STATEMENT OF REVENUES AND EXPENDITURES YEAR ENDED DECEMBER 31, 2019

	2019	2018 (Restated note 9)
	\$	\$
Revenue		
Operating grant - City of Kitchener	229,048	225,135
Other revenue		
Registration fees, programs	105,387	122,670
Unrealized gains (losses) on investments	26,716	(103,312)
Fundraising and donations	29,162	102,896
Other revenue	25,178	49,071
Other grants and sponsorship	6,481	14,341
Wage subsidy grants	22,450	13,440
Investment income	36,160	61,622
	251,534	260,728
	480,582	485,863
Expenditures		
Wages and benefits	410,614	327,785
Programming	35,085	47,566
Special functions	31,634	44,268
Operating supplies	21,169	35,906
Collection acquisitions (note 6)	8,000	66,030
Miscellaneous	14,255	18,065
Professional fees	13,173	17,898
Heat and hydro	11,021	11,535
Ground maintenance	11,133	13,293
Demonstrators	6,054	8,178
Custodial	8,391	6,724
Staff training	4,425	1,480
Exhibitions	5,428	3,020
General maintenance	1,819	9,741
Insurance	2,640	2,401
Equipment purchases	1,397	1,752
Memberships	1,748	1,194
Automobile and travel	1,094	988
	589,080	617,824
Deficiency of revenues over expenditures for year	(108,498)	(131,961)

The explanatory financial notes form an integral part of these financial statements.

HOMER WATSON HOUSE FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2019

	General Fund (Unrestricted)	Special Projects Fund (Internally and Externally Restricted)	Museum Gallery Fund (Unrestricted)	HWH & G Legacy Fund (Internally Restricted)	Heritage Endowment Fund (Internally and Externally Restricted)	2019	2018 (Restated note 9)
	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year, as restated	(68,402)	177,744	(3,046)	349,910	121,432	577,638	709,599
Revenue	450,403	34		25,380	4,765	480,582	485,863
Expenditures	588,360				720	589,080	617,824
Excess (deficiency) of revenue over expenditure	(137,957)	34		25,380	4,045	(108,498)	(131,961)
Fund balances, end of year	(206,359)	177,778	(3,046)	375,290	125,477	469,140	577,638

The explanatory financial notes form an integral part of these financial statements.

HOMER WATSON HOUSE FOUNDATION

FINANCIAL POSITION DECEMBER 31, 2019

	2019	2018 (Restated note 9)
	\$	\$
ASSETS		
Cash	48,651	73,672
Cash - Heritage Endowment Fund (note 5)	21,029	21,029
Short-term investments (note 3)	472,756	479,511
Accounts receivable	3,774	9,928
Inventory	7,371	6,991
Prepaid expenses	5,433	6,645
Current assets	559,014	597,776
Heritage Endowment Fund		
Investments - internally and externally restricted (note 5)	60,912	60,582
Investments - externally restricted (note 5)	43,536	39,821
Art collection	100	100
	104,548	100,503
	663,562	698,279
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	182,575	119,730
Deferred revenue	11,847	911
	194,422	120,641
NET ASSETS		
Unrestricted funds		
General fund	(206,359)	(68,402)
Museum Gallery fund	(3,046)	(3,046)
	(209,405)	(71,448)
Restricted funds		
Special Projects fund	177,778	177,744
HWH & G Legacy fund	375,290	349,910
Heritage Endowment fund	125,477	121,432
	678,545	649,086
	469,140	577,638
	663,562	698,279

APPROVED BY THE BOARD:

_____ Director

_____ Director

The explanatory financial notes form an integral part of these financial statements.

HOMER WATSON HOUSE FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2019

	2019	2018 (Restated note 9)
	\$	\$
Cash flows from operating activities:		
Deficiency of revenues over expenditures for year	(108,498)	(131,961)
Item not involving cash:		
Unrealized (gains) losses on investments	(26,716)	103,312
	(135,214)	(28,649)
Net change in non-cash working capital		
balances relating to operations:		
Short-term investments	33,471	(2,123)
Accounts receivable	6,154	(2,648)
Inventory	(380)	436
Prepaid expenses	1,212	(5,833)
Deferred revenue	10,936	(5,345)
Accounts payable and accrued liabilities	62,845	650
	(20,976)	(43,512)
Cash flows from investment activities:		
Investments - internally and externally restricted	(330)	19,108
Investments - externally restricted	(3,715)	2,323
	(4,045)	21,431
Net decrease in cash	(25,021)	(22,081)
Cash, beginning of year	94,701	116,782
Cash, end of year	69,680	94,701
Cash consists of the following:		
Cash	48,651	73,672
Cash - Heritage Endowment Fund	21,029	21,029
	69,680	94,701

The explanatory financial notes form an integral part of these financial statements.

1. Nature of Organization

The mission of the Homer Watson House Foundation is to preserve and celebrate the legacy of Homer Watson's creative spirit by stimulating the appreciation, enjoyment and practice of the visual arts.

The City of Kitchener owns the property commonly known as the Homer Watson House & Gallery and the surrounding grounds commonly known as 1754 and 1762 Old Mill Road, Kitchener. The Province of Ontario has a heritage easement registered on title to the property. The Homer Watson House Foundation is an incorporated non-profit entity that manages the property and the activities at the Homer Watson House & Gallery in consultation with and subject to the approval of the Council of the City of Kitchener. The Foundation receives and is dependent upon funding from the City of Kitchener to assist in the management and maintenance of the facilities.

The Foundation is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial instruments

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of revenues and expenditures. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

(c) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Homer Watson House Foundation, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The unrestricted **General fund**, reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The **internally and externally restricted Special Projects fund**, reports the assets, liabilities, revenues and expenses related to long-term projects. Contributions and disbursements from this fund are at the discretion of the Board of Directors. Revenues earned on the investments held by the fund are reported in this fund are reported in this fund

2. Summary of Significant Accounting Policies (Continued)**(c) Fund accounting (continued)**

The **unrestricted Museum Gallery fund**, reports funds that are available to develop the collection at the Homer Watson House Foundation.

The **internally restricted Homer Watson House and Gallery Legacy fund** (HWH&G Legacy fund) reports the assets, liabilities, revenues and expenses related to capital and other expenditures. Contributions and disbursements from this fund are at the discretion of the Board of Directors.

The **internally and externally restricted Heritage Endowment fund**, reports funds that were established under the Province of Ontario's Heritage Challenge Fund Community Program (externally restricted), along with funds contributed by the Foundation (internally restricted). External contributions to this fund are restricted by the terms of the program. The externally restricted endowment of \$94,000 must be maintained in perpetuity and the fund income must only be used for capital costs associated with conserving eligible heritage property or reinvested in the fund. Investment income earned on the resources of the fund is reported in this fund.

(d) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions whereby externally restricted contributions, including endowment contributions, are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions to the General fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the General fund when received or receivable and collection is reasonably assured.

Registration and program fees are recognized when the program takes place.

(e) Art collection

The Foundation holds a collection of art created by Homer Watson that is held for exhibition and education. The collection is shown on the statement of financial position as an asset at a nominal value of \$100. Acquisitions of works of art and related costs are shown as collection acquisitions on the statement of revenues and expenditures in the year of acquisition. Artwork donated to the collection is recorded as a donation and expenditure at fair value, only when fair value can be easily obtained.

(f) Contributed services and materials

Volunteers contribute a significant number of hours each year to assist the Foundation in carrying out its activities. For the year ended December 31, 2019, volunteers contributed approximately 1,883 hours (1,883 hours in 2018). Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

HOMER WATSON HOUSE FOUNDATION

EXPLANATORY FINANCIAL NOTES YEAR ENDED DECEMBER 31, 2019

	2019	2018
	\$	\$
3. Short-Term Investments		
Short-term investments are comprised of the following:		
General Fund:		
Portfolio shares	9,265	8,205
Mutual fund	3,878	3,601
	13,143	11,806
Special Projects Fund:		
TD Canada Trust, GIC, maturing March 2020, interest at 0.33%	10,093	10,059
HWH&G Legacy Fund:		
Portfolio shares	449,520	457,646
	472,756	479,511

4. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

5. Investments

As at December 31, 2019, the externally restricted investment which comprises a portion of the Heritage Endowment described in note 2(c), consisted of \$43,536 (\$39,821 in 2018) invested with the Kitchener-Waterloo Community Foundation. The principal balance must be maintained for ten years. The investments of this fund form part of the pool of investments of the Kitchener-Waterloo Community Foundation and the fund is entitled to a proportionate share of the investment income of the Kitchener-Waterloo Community Foundation as determined by its Board of Directors. Investment income allocated to the investment for the year was \$4,435 (\$20 in 2018), including realized and unrealized gains and losses.

The internally and externally restricted investment, which includes the remaining portion of the Heritage Endowment described in note 2(c), is comprised of a TD Canada Trust GIC maturing March 2022 and bearing interest at 0.545% and cash. Interest income allocated to the fund for the year amounted to \$321 (\$321 in 2018).

6. Art Collection

During the year, acquisitions with a cost of \$8,000 (\$66,030 in 2018) were included in the collection acquisitions expense, out of which \$8,000 (\$66,030 in 2018) were gifts-in-kind. Art collection items are not for sale.

7. Endowment Fund

The Homer Watson House and Gallery Arts Endowment Fund is established at the Ontario Arts Foundation. Under the terms of the agreement, the capital cannot be withdrawn and only the related income can be distributed to the Foundation.

The market value of the this fund at December 31, 2019 was \$93,812 (\$85,671 in 2018). The distribution from the Endowment Fund during the year was \$4,022 (\$4,041 in 2018). The book value is \$65,140 (\$65,140 in 2018).

8. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk and other price risk.

Interest rate risk

The entity is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the entity to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The entity is exposed to this type of risk as a result of investments in GICs.

Other price risk

Other price risk associated with investments in shares is minimized by the Foundation regularly rebalancing its portfolio and investing in the Canadian financial sector.

9. Change in Accounting Policy

During 2019, the Foundation adopted the new CPA Canada Handbook section 4441, Collections held by not-for-profit organizations, and has chosen to record its collection on the statement of financial position at a nominal value. The collection was not previously recorded on the statement of financial position.

This change has been made retrospectively, and the comparative statements for 2018 have been restated. In 2018, this change resulted in the recognition of a collection asset, valued at \$100, on the statement of financial position, along with a corresponding increase to opening General fund balance.

10. Subsequent Event

Subsequent to year end, financial markets in Canada and around the world have deteriorated significantly due to the COVID-19 pandemic. As a result, the fair market value of investments has decreased approximately \$31,000 as of July 31, 2020. While management expects this decrease in market value to be temporary, there is uncertainty around when a recovery may be realized.

As the COVID-19 pandemic continues to spread, it could result in a significant negative impact on the Foundation's operations. As of the time of authorization of these financial statements, it is not possible to estimate the length and severity of these developments and their impact on the financial results and operations of the Foundation.